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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000815

NOFORN
SIPDIS

DOE FOR THE OFFICE OF POLICY AND INTERNATIONAL AFFAIRS, AND
THE OFFICE OF NUCLEAR ENERGY; DOC FOR SARAH LOPP

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TAGS: [ECON](#) [EINV](#) [ENRG](#) [IT](#)

SUBJECT: ITALIAN PARLIAMENT GIVES GREEN LIGHT FOR NUCLEAR
ENERGY RELAUNCH

REF: A. A) ROME 283
[1](#)B. B) ROME 207
[1](#)C. C) 08 ROME 1577
[1](#)D. D) 08 ROME 1191

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Classified By: A/DCM Barbara A. Leaf for reasons 1.4 b and d.

[1](#)1. (C/NF) Summary: The Italian Parliament approved nuclear energy legislation on July 9th that gives the GOI the green-light to re-launch Italy's civil nuclear energy program. The legislation calls for the GOI to come up within six months with revamped regulation to govern the nuclear sector, identification of the sites where the new plants will be built, definition of accepted technology, and a plan on how to handle the nuclear waste. A new nuclear safety agency will also be created. Despite the short amount of time for such a big task, industry experts remain cautiously optimistic that such a deadline will help to focus government efforts towards delivering the key regulatory and institutional areas needed for a nuclear energy re-launch. Continued USG engagement is crucial for ensuring a level playing field for U.S.-based nuclear energy companies interested in entering the Italian market. Economic Development Minister Scajola plans to visit the U.S. from September 27 to October 3rd to meet with DOE Secretary Chu (and possibly DOC Secretary Locke). This would be an excellent opportunity to engage with Italy on U.S.-Italian nuclear energy cooperation both on the research and industrial side. End Summary.

NUCLEAR TECHNOLOGY, SITES, WASTE DISPOSAL AND NUCLEAR SAFETY
AGENCY

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[1](#)2. (C/NF) On July 9, the Italian Parliament approved nuclear energy legislation that provides the GOI the long-awaited green light to re-launch Italy's civilian nuclear energy program. The bill calls for the GOI to introduce within six months the necessary regulations that will govern the

building of nuclear power plants in Italy, identify the sites where the new nuclear plants will be built, and present a plan on how to deal with the nuclear radioactive waste. The bill also calls for the reconstitution of a new Italian nuclear safety agency from the existing one (ISPRA), and authorizes the Interministerial Economic Committee (CIPE) to give the final approval over the nuclear technology to be adopted, as well as the consortia that will build and manage the nuclear power plants. The approved bill will be published in about two weeks after the expected pro-forma approval by President Napolitano. (Background Note. Until the late 1980s, Italy was one of the leading European countries in nuclear energy. However, public concerns over nuclear energy plant's safety following the 1987 Chernobyl nuclear accident led to passage of a referendum to decommission the four existing nuclear power plants. Soon after coming to power in the Spring of 2008, the new Berlusconi Government announced its plans to bring back nuclear energy to Italy. Current GOI plans call for the building of up to 10 nuclear plants to supply Italy with about 25 percent of its total electricity needs. End note)

13. (C/NF) While recognizing that six months is quite short for the GOI to put together the crucial underpinnings of a nuclear sector, industry contacts have told us that the GOI may meet its targets. According to Francesco Mazzuca, President of Italy's leading nuclear energy service company, Ansaldo Nucleare, the Ministry of Economic Development has already been working for several months on the draft regulations for the approved bill. In terms of site selection, Mazzuca said that a practical approach will be for the GOI to present as a first batch the four sites of the decommissioned nuclear plants that are known to be the most readily available for new nuclear plants construction. Mazzuca added that other greenfield sites could later be identified. Though putting together a long-term plan on how to handle the nuclear waste will be more challenging for the GOI, Mazzuca suggested that shipping abroad the nuclear waste for reprocessing may be a medium-term solution that the GOI could propose. In this regard, Mazzuca explained the only realistic options are for Italy to send its nuclear waste for

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reprocessing to either the U.S., France or Russia (Note. Under a 2006 agreement, Italy already ships to France for reprocessing some of the nuclear waste material of its former nuclear plants, with the un-reprocessed material due to be shipped back to Italy by 2020. End note). With regard to the new nuclear safety agency, Mazzuca explained that serious political discussions are already underway within the GOI on choosing its five person board. Mazzuca said that who the GOI selects will determine the strength and clout of the new agency. He expressed hope that the current president of Italy's nuclear decommissioning parastatal, SOGIN, Professor Maurizio Cumo, would be chosen as one of the chairpersons due to his long experience in the nuclear field. However, Mazzuca told us it was not clear at this point who might be tapped to lead the new agency. (Note: Cumo favors U.S. nuclear technology and has told Post that the Westinghouse AP-1000 design is the most suitable nuclear technology for Italy. End note).

14. (C/NF) Mazzuca reiterated that U.S. nuclear companies still have a chance to compete for contracts. Mazzuca said that American nuclear plant designs remain the most competitive to meet Italian needs due to their smaller "footprint" and advanced technology. Mazzuca advised greater engagement by U.S. nuclear companies with the GOI now that the nuclear legislation has been passed. He added that USG engagement at the highest levels of the GOI is important in order to counterbalance continued French government lobbying efforts on behalf of its national companies. Mazzuca stated

that the French government is even increasing its lobbying efforts by adding a second official with a nuclear portfolio at the French Embassy in Rome. Despite the ENEL-EDF agreement to build four Areva-design nuclear plants in Italy (see Ref A), Mazzuca assessed that the ideal situation for Italy is to adopt two nuclear technologies, with American technology being the other option.

NEXT STEPS

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15. (C/NF) Comment: Continued USG engagement, especially at a high level, is crucial to ensure that U.S. nuclear technology is given a "green light" to be one of the approved technologies for Italy's nuclear restart. A major upcoming opportunity for persuading the Italian energy and political establishment to sign on to U.S. technology is the visit of Economic Development Minister Scajola to the U.S. in late September (September 27 to October 3rd are the tentative dates). Scajola plans to meet DOE Secretary Chu and possibly with DOC Secretary Locke. Minister Scajola would also like to tour a U.S. nuclear energy facility. We understand that both Westinghouse and GE have invited Scajola to visit their facilities. The Italian Embassy in Washington is already working on this visit, and the Minister's advisors have asked for USG assistance in ensuring the trip's success. This is an important moment to engage the GOI and showcase U.S. nuclear technology as well as opportunities for U.S.- Italian nuclear energy cooperation.

16. (C/NF) Minister Scajola's trip could also be an optimal occasion to sign the pending nuclear energy cooperation agreement that his Ministry has been negotiating with DOE. The issues of nuclear power plant financing and investment guarantees remain important areas for the GOI to address. We are told by our Italian government interlocutors that USG technical assistance in this area would be well received. End Comment.

DIBBLE

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